



**AMERICAN NATIONAL**  
BANKSHARES INC.

**SUMMARY  
ANNUAL  
REPORT  
2017**

Progressive  
**Growth.**  
Regional  
**Strength.**  
Bright  
**Future.**



When an organization begins to review their future prospects and construct strategic plans, they begin by accounting for their achievements to date and identifying the opportunities that lie ahead. We are proud to report that our future is quite bright! We have built a strong foundation of progressive growth by creating an organization with regional strength placing an emphasis on local decisions and cultivating lasting relationships. This balance positions us for exciting years ahead and is the inspiration behind the theme of this report.


This theme speaks to a fundamental core of our strength: progressive growth, which highlights our ability to connect with our customers and our markets. Further, this theme articulates our singular goal: to maintain our strong community bank roots, to engage our customers and to serve our communities in ways that provide for a greater good. We have a unique story to tell that dates back over 110 years of providing financial services and enabling success for our customers and shareholders.

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## American National

American National Bankshares Inc. (the "Company") is a bank holding company with assets exceeding \$1.8 billion. Headquartered in Danville, Va., it is the holding company of American National Bank and Trust Company (the "Bank"), a community bank serving Virginia and North Carolina through 26 banking offices. In addition, the Bank manages nearly \$850 million through its Trust & Investment Services division. The Bank provides a full array of financial products and services, including personal and business banking, trust and investment services, and mortgage and insurance services. Electronic banking solutions range from a convenient ATM network and debit cards to real-time Online Banking with Bill Pay, Mobile Banking with Mobile Deposit, mobile debit card alerts and Telephone Banking. Chartered in 1909, the Bank is entering its 110th year of operation. It has grown from a single office on Main Street in Danville to a progressive multistate, regional financial institution. The focus on building relationships through quality financial services with exceptional customer service has remained constant. The Bank operates under a strong community bank philosophy and is a leader in charitable and civic support in all its markets. Many Bank employees serve on the boards of civic organizations throughout the Bank's market area.



# Mission, Vision, Guiding Principles and Core Values

## **Mission Statement:**

We provide quality financial services with exceptional customer service.

## **Guiding Principles:**

To achieve our vision and carry out our mission, we:

- Operate a sound, efficient, and highly profitable company,
- Identify and respond to our internal and external customers' needs and expectations in an ever-changing financial services environment,
- Provide quality sales and quality service to our customers,
- Produce profitable growth,
- Provide an attractive return for our shareholders,
- Furnish positive leadership for the well-being of all communities we serve,
- Continuously develop a challenging and rewarding work environment for our employees, and
- Conduct our work with integrity and professionalism.

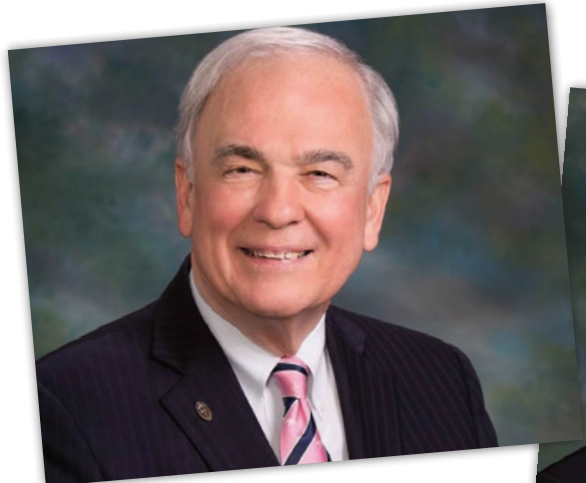
## **Vision Statement:**

We will enhance the value of our shareholders' investment by being our communities' preferred provider of relationship-based financial services.

## **Core Values:**

- Build personal relationships based on honesty and integrity.
- Treat people fairly and speak with candor and care.
- Develop people to their highest potential.
- Coach for improved performance.
- Show a passion for winning.
- Act like business owners.
- Celebrate individual and team successes often.
- Communicate with strategic purpose and aim for consistency.
- Hold ourselves and our teammates accountable for results.

April 6, 2018



Charles H. Majors



Jeffrey V. Haley

## To Our Shareholders,

For the past several years, we have been writing two letters to you – one from the Chairman and one from the Chief Executive Officer. This year, we opted to deliver one message and to focus on the theme of this annual report: Progressive Growth. Regional Strength. Bright Future.

We are pleased to report to you that 2017 was an exciting and successful year for our company and our bank. It was our first full year in our new markets – Roanoke, Virginia and Winston-Salem, North Carolina. We have assembled strong teams in both markets, and the results have been impressive.

We now offer banking services in nine market areas in Southern and Southwest Virginia and Piedmont Triad North Carolina. These markets offer a balance of economic opportunities creating “regional strength,” which produces “progressive growth” for a “bright future” for our company, our employees, our customers and our shareholders.

While we had “progressive growth” in loans and deposits across the bank, loan growth was led by our Greensboro, Roanoke and Winston-Salem markets. Our loan portfolio grew \$171 million or 14.7%. Deposits across the bank increased \$164 million or 12.0%. Leading that growth were Roanoke, Greensboro and Martinsville/Henry County, Virginia (one of our legacy markets).

Net income for 2017 was down slightly as compared with 2016. The enactment of the new federal tax law in December 2017 negatively affected net income for 2017. The law provides for the corporate tax rate to be reduced from 35% to 21%. While this change will positively affect our income tax expense in 2018 and going forward, GAAP accounting required a revaluation of our deferred tax assets at the new rate with a one-time charge in the fourth quarter of 2017.

With the deferred tax asset adjustment, net income for 2017 was \$15.2 million compared to \$16.3 million for 2016. Without this charge, 2017 net income would have been \$17.9 million – “progressive growth” in earnings. Earnings per share were \$1.76 for 2017 compared to \$1.89 in 2016. Without the one-time deferred tax adjustment, 2017 earnings per share would have been \$2.07.

Total assets of the company on December 31, 2017, exceeded \$1.8 billion. Shareholders’ equity was \$209 million, and our average equity to average assets was 11.64%. Our book value per common share grew to \$24.13 from \$23.37 on December 31, 2016. All of these numbers show growth and strength for a “bright future.”



**THREE-YEAR STOCK** (12/31 Closing Price)

In addition to earnings per share, we recognize the importance of total return to the shareholder, which we define as increase in your share price plus your dividend. We continued to see the market price of our stock increase – it closed on December 31, 2017, at \$38.30, compared to the December 31, 2016, closing price of \$34.80. In the fourth quarter, we increased our quarterly dividend to \$0.25 per share. Again this shows growth and strength reflecting a bright future.

We continue to grow a strong team across our markets, united by a common culture committed to our mission of providing quality financial services with exceptional customer service. We live and work in a manner that is consistent with our vision, guiding principles and core values, which are set out on page 1 of this report. We hope that, as you read them, you will understand why we are successful and why we believe we have a “bright future.”

We have a great team of employees, led by a talented executive group. As we grow and expand into new markets, it becomes more evident that our most important asset is our people – those who have been with us for many years and those who have joined us recently.

We also have a strong, effective and dedicated board of directors. As shareholders, you elect them and they do an outstanding job of representing you in strategic policy leadership and management oversight. We are proud to work with them, and we hope you are also proud of their work.

In last year’s report, we recognized Ben Davenport, who retired as a director at the May 2017 annual

2017	\$26,075,066
2016	\$23,307,631
2015	\$21,059,359

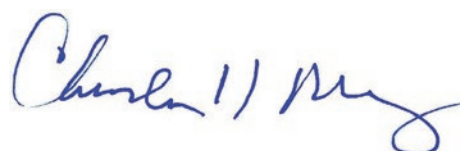
**INCOME BEFORE INCOME  
TAX PROVISION**

meeting after 24 years on the board. Ben’s term as director emeritus will end at this May’s annual meeting of shareholders. We will miss his wise counsel.

In September 2017, Tammy Moss Finley was elected as a director of the company and the bank. A native of the Danville area and a current resident of the Roanoke Valley area, Tammy serves as executive vice president, general counsel and corporate secretary of Advance Auto Parts, Inc., a leading automotive aftermarket parts provider and a Fortune 500 public company. She brings significant insight and expertise regarding legal, human resources, risk management and public company corporate governance matters. We are pleased and feel fortunate to have Tammy join our board of directors.

We appreciate your support and recognize the importance of your investment in our company. We, our entire employee team and our directors, work hard to manage the company prudently. Together we look forward to continuing a successful company through Progressive Growth and Regional Strength for a Bright Future.

Very truly yours,



Charles H. Majors  
Chairman of the Board  
American National Bankshares Inc.  
American National Bank and Trust Company



Jeffrey V. Haley  
President and Chief Executive Officer  
American National Bankshares Inc.  
American National Bank and Trust Company

# Financial Highlights

As of December 31. (Amounts in thousands, except per share information and ratios)

	2017	2016	2015	2014	2013
<b>Results of Operations:</b>					
Interest income	\$ 63,038	\$ 56,170	\$ 55,169	\$ 47,455	\$ 52,956
Interest expense	7,291	6,316	5,904	5,730	6,583
Net interest income	55,747	49,854	49,265	41,725	46,373
Provision for loan losses	1,016	250	950	400	294
Noninterest income	14,227	13,505	13,287	11,176	10,827
Noninterest expense	42,883	39,801	40,543	34,558	35,105
Income before income tax provision	26,075	23,308	21,059	17,943	21,801
Income tax provision	10,826	7,007	6,020	5,202	6,054
Net income	15,249	16,301	\$ 15,039	\$ 12,741	\$ 15,747
<b>Financial Condition:</b>					
Assets	\$ 1,816,078	\$ 1,678,638	\$ 1,547,599	\$ 1,346,492	\$ 1,307,512
Loans, net of unearned income	1,336,125	1,164,821	1,005,525	840,925	794,671
Securities	327,447	352,726	345,661	349,250	351,013
Deposits	1,534,726	1,370,640	1,262,660	1,075,837	1,057,675
Shareholders' equity	208,717	201,380	197,835	173,780	167,551
Shareholders' equity, tangible	163,654	155,789	151,280	132,692	125,349
<b>Per Share Information:</b>					
Earnings per share, basic	\$ 1.76	\$ 1.89	\$ 1.73	\$ 1.62	\$ 2.00
Earnings per share, diluted	1.76	1.89	1.73	1.62	2.00
Cash dividends paid	0.97	0.96	0.93	0.92	0.92
Book value	24.13	23.37	22.95	22.07	21.23
Book value, tangible	18.92	18.08	17.55	16.86	15.89
Average shares outstanding, basic	8,641,717	8,611,507	8,680,502	7,867,198	7,872,870
Average shares outstanding, diluted	8,660,628	8,621,241	8,688,450	7,877,576	7,884,561
<b>Selected Ratios:</b>					
Return on average assets	0.87%	1.02%	0.99%	0.97%	1.20%
Return on average equity <sup>1</sup>	7.34%	8.07%	7.65%	7.40%	9.52%
Return on average tangible equity <sup>2</sup>	9.59%	10.85%	10.62%	10.31%	13.75%
Dividend payout ratio	54.98%	50.71%	53.65%	56.80%	46.03%
Efficiency ratio <sup>3</sup>	60.89%	61.47%	63.81%	63.41%	57.57%
Net interest margin	3.50%	3.52%	3.69%	3.66%	4.10%
<b>Asset Quality Ratios:</b>					
Allowance for loan losses to period-end loans	1.02%	1.10%	1.25%	1.48%	1.59%
Allowance for loan losses to period-end non-performing loans	531.37%	360.39%	242.09%	302.21%	248.47%
Non-performing assets to total assets	0.21%	0.29%	0.48%	0.46%	0.65%
Net charge-offs to average loans	0.02%	0.00%	0.08%	0.07%	(0.02)%
<b>Capital Ratios:</b>					
Total risk-based capital ratio	14.39%	14.81%	16.34%	17.86%	18.14%
Common equity tier 1 capital ratio	11.50%	11.77%	12.88%	n/a	n/a
Tier 1 risk-based capital ratio	13.42%	13.83%	15.23%	16.59%	16.88%
Tier 1 leverage ratio	10.95%	11.67%	12.05%	12.16%	11.81%
Tangible equity to tangible assets ratio <sup>4</sup>	9.24%	9.54%	10.08%	10.00%	9.91%

<sup>1</sup> Return on average equity is calculated by dividing net income available to common shareholders by average common equity.

<sup>2</sup> Return on average tangible equity is calculated by dividing net income available to common shareholders plus amortization of intangibles tax effected by average common equity less average intangibles.

<sup>3</sup> The efficiency ratio is calculated by dividing noninterest expense excluding gains or losses on the sale of other real estate owned by net interest income including tax equivalent income on nontaxable loans and securities and excluding (a) gains or losses on securities and (b) gains or losses on sale of premises and equipment.

<sup>4</sup> Tangible equity to tangible assets ratio is calculated by dividing period-end common equity less period-end intangibles by period-end assets less period-end intangibles.

# Performance Graphs

On December 31, 2017, we completed a three-year strategic plan. The results are not only progressive, but also demonstrate our strength and bring into clarity a truly bright future. As a team, we accomplished significant gains in assets, deposits, loans and shareholder value via our stock price.

## Three-Year Strategic Plan Score Card

	YTD 12/31/2017	YTD 12/31/2014	Three-Year CAGR	% Change During Plan
Stock Price (EOP)	\$38.30	\$24.81	15.57%	54.37%
Total Assets	\$1,816,078	\$1,346,492	10.49%	34.87%
Total Loans	1,336,125	840,925	16.69%	58.89%
Total Deposits	1,534,726	1,075,837	12.57%	42.65%

## Total Deposits (in millions)



## Total Assets (in millions)



## Total Loans (in millions)



# Consolidated Balance Sheets

As of December 31. (Dollars in thousands, except for share data)

	2017	2016
<b>Assets:</b>		
Cash and due from banks	\$ 28,594	\$ 20,268
Interest-bearing deposits in other banks	23,883	32,939
Securities available for sale, at fair value	321,337	346,502
Restricted stock, at cost	6,110	6,224
Loans held for sale	1,639	5,996
Loans, net of unearned income	1,336,125	1,164,821
Less allowance for loan losses	(13,603)	(12,801)
Net Loans	<u>1,322,522</u>	<u>1,152,020</u>
Premises and equipment, net	25,901	25,439
Other real estate owned, net of valuation allowance of \$147 in 2017 and \$192 in 2016	1,225	1,328
Goodwill	43,872	43,872
Core deposit intangibles, net	1,191	1,719
Bank owned life insurance	18,460	18,163
Accrued interest receivable and other assets	21,344	24,168
Total assets	<u>1,816,078</u>	<u>1,678,638</u>
<b>Liabilities and Shareholders' Equity:</b>		
<b>Liabilities:</b>		
Demand deposits—noninterest bearing	394,344	378,600
Demand deposits—interest bearing	226,914	209,430
Money market deposits	403,024	283,035
Savings deposits	126,786	120,720
Time deposits	383,658	378,855
Total deposits	<u>1,534,726</u>	<u>1,370,640</u>
Short-term borrowings:		
Customer repurchase agreements	10,726	39,166
Other short-term borrowings	24,000	20,000
Long-term borrowings	—	9,980
Junior subordinated debt	27,826	27,724
Accrued interest payable and other liabilities	10,083	9,748
Total liabilities	<u>1,607,361</u>	<u>1,477,258</u>
Commitments and Contingencies		
<b>Shareholders' equity:</b>		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	—	—
Common stock \$1 par, 20,000,000 shares authorized, 8,650,574 shares at December 31, 2017, and 8,618,051 shares at December 31, 2016	8,604	8,578
Capital in excess of par value	76,179	75,076
Retained earnings	127,010	119,600
Accumulated other comprehensive loss, net	(3,076)	(1,874)
Total shareholders' equity	<u>208,717</u>	<u>201,380</u>
Total liabilities and shareholders' equity	<u>1,816,078</u>	<u>1,678,638</u>



# Consolidated Statements of Income

	2017	2016	2015
<b>Interest and Dividend Income:</b>			
Interest and fees on loan	\$ 55,276	\$ 47,971	\$ 46,860
Interest on federal funds sold	—	—	6
Interest and dividends on securities:			
Taxable	4,666	4,454	4,072
Tax-exempt	2,043	3,135	3,681
Dividends	319	334	346
Other interest income	734	276	204
Total interest and dividend income	<u>63,038</u>	<u>56,170</u>	<u>55,169</u>
<b>Interest Expense:</b>			
Interest on deposits	5,794	5,103	4,811
Interest on short-term borrowings	173	10	9
Interest on long-term borrowings	296	325	324
Interest on junior subordinated debt	1,028	878	760
Total interest expense	<u>7,291</u>	<u>6,316</u>	<u>5,904</u>
<b>Net Interest Income:</b>	55,747	49,854	49,265
Provision for Loan Losses	1,016	250	950
<b>Net Interest Income after Provision for Loan Losses:</b>	<u>54,731</u>	<u>49,604</u>	<u>48,315</u>
<b>Noninterest Income:</b>			
Trust fees	3,926	3,791	3,935
Service charges on deposit accounts	2,002	2,048	2,066
Other fees and commissions	2,895	2,680	2,377
Mortgage banking income	2,208	1,713	1,320
Securities gains, net	812	836	867
Brokerage fees	829	843	946
Income from Small Business Investment Companies	236	463	912
Gains (losses) on premises and equipment, net	344	(9)	11
Other	975	1,140	853
Total noninterest income	<u>14,227</u>	<u>13,505</u>	<u>13,287</u>
<b>Noninterest Expense:</b>			
Salaries	19,829	17,568	16,554
Employee benefits	4,519	4,264	4,311
Occupancy and equipment	4,487	4,246	4,425
FDIC assessment	538	647	750
Bank franchise tax	1,072	995	898
Core deposit intangible amortization	528	964	1,201
Data processing	2,014	1,828	1,725
Software	1,144	1,143	1,158
Other real estate owned, net	303	336	99
Merger-related expenses	—	—	1,998
Other	8,449	7,810	7,424
Total noninterest expense	<u>42,883</u>	<u>39,801</u>	<u>40,543</u>
Income before income taxes	<u>26,075</u>	<u>23,308</u>	<u>21,059</u>
Income taxes	10,826	7,007	6,020
Net Income	<u>15,249</u>	<u>16,301</u>	<u>15,039</u>
<b>Net Income Per Common Share:</b>			
Basic	1.76	1.89	1.73
Diluted	1.76	1.89	1.73
<b>Average Common Shares Outstanding:</b>			
Basic	8,641,717	8,611,507	8,680,502
Diluted	8,660,628	8,621,241	8,688,450



# Progressive Growth. Regional Strength. Bright Future.

Merriam Webster dictionary defines “progress” as: forward or onward movement toward a destination; a higher stage.

When American National Bank began in 1909, progress meant reaching our first anniversary and simply taking care of our customers’ basic needs. Today, our progressive growth signals something far more productive and impactful—it means taking care of individual customers through each financial stage of life and ensuring our communities thrive and prosper. We know and operate under the premise that “the bank will only be as successful as the communities we serve.”

For 110 years we have taken care of our customers and our communities, and that history has served as the base for our operating theme: “Progressive Growth. Regional Strength. Bright Future.” Our staff live, work, shop, raise families and help lead in the communities we serve. The cycle of support, success, growth and prosperity is important to us as stakeholders of our community. Importantly, being a “community” bank is the hallmark of our efforts and the path that leads us forward.

## Progressive **Growth.** Regional **Strength.** Bright **Future.**

### **Progressive Growth.**

Progressive growth symbolizes an organization that methodically, consistently and with an eye toward tomorrow marches forward in lock-step with our customers. It means bringing technology improvements for our customers, new products to the marketplace and continuing to serve our communities. It also means that we understand the needs of our market and know the true pulse of the areas in which we operate. Progressive growth comes at a sustainable pace that leads our team and customers forward.

We have introduced new services and accounts tailored to our customers. With consistent increases in assets, income and funds managed, our progressive growth is proven and demonstrates sustainable results.



### **Regional Strength.**

Having regional strength provides a strong bench and supporting staff that enable our local commitment to progressive growth to take hold. We have the capability to grow with our customers' needs and the personal touch to take every step of the journey together. Our strength brings opportunity to our customers, community, staff and our entire region through ensuring sustainable progress forward and having the wherewithal to enact positive change and impact.

Our new markets of Roanoke and Winston-Salem bring into clear focus our regional strength and broader reach. Our customers can now enjoy increased access to options, resources and services that our greater network of branches have made possible.

### **Bright Future.**

Having a bright future is all about sustainable success and the ability to seize opportunities when presented. As a community bank, we continue to invest in our staff, our facilities and our ability to deliver the personal service and support that our customers consistently praise, whether it's a small business seeking capital to take that next step forward, a commercial customer fueling their growth, or a mortgage customer buying his or her very first home.



We have consistently received excellent ratings for capital and asset quality and maintain strength today for the future that tomorrow brings. By increasing staff expertise through training and mentoring, we have ensured a strong foundation to grow into the future needs of our customers and communities.



# Preparing for the Future.

In 2017, the bank redefined several key aspects of our business which will continue to help power our progressive growth for both our footprint and more importantly, service and support for our customers and communities. Paying heed to our community bank roots yet adding power to our team brings with it the resources of a regional bank such as treasury services and experienced commercial relationship managers. Our customers tell us that they want us to help them in more ways and with a deeper understanding of their business—this is a top priority.

As we celebrated our 90th year with our Trust customers, we added an additional Trust officer to keep up with customer demand and ensure our service levels remain extraordinary. In nine decades of customer service, our reputation has grown into a proven leader and our financial expertise has helped our customers mold their future.

## **The more support we bring our customers, the more volume and product demand we receive.**

Across all lines of business, we are united in our focus on being a partner for our customers, not just a transaction provider. As banks have consolidated around us, we have kept our focus of delivering relationship banking and local decisions. To facilitate local decision making, and to be more aware of the true “pulse of our community,” we have realigned our branch reporting structure so that there is in-market leadership responsible for the management activities in each community. This not only speeds decisions but also enables us to make decisions closer to the customer point of contact. Our growing branch network means more access, closer support and more options for our customers across the region.



To ensure our customers and partners have the tools available to best serve their needs, we have added new services such as:

- Purchasing Cards
- Lockbox Services
- ACH Positive Pay

Proactive financial management is key to maintaining progress forward and ensuring a bright future for our customers!

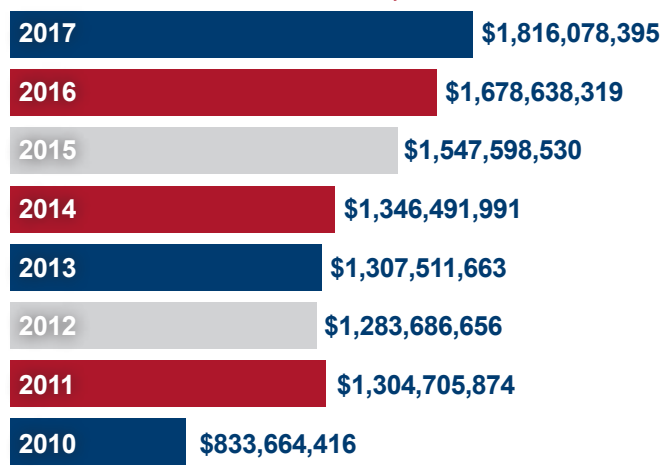
With a clear focus on operational efficiency, customer support and management of new volumes, we have also added key staff in:

- Mortgage Origination
- Mortgage Operations
- Credit Administration
- Trust Services
- Loan Review
- Loan Compliance
- Risk and Compliance

The customer impact is clear through greater efficiency and action. We are positioned for progressive growth, and our new processes ensure both our local decision makers and regional support staff have the tools and teams in place.

Our progress forward has lead our bank on a path of significant growth from both recent acquisitions and organic growth. Our future is bright based on our track record of successful growth and our regional presence.

**Total Assets** *As of December 31 each year.*





# Our Focus.

Purposeful Progress

## Administration

- Added Tammy Finley as a new Board Member from our Roanoke market
- Appointed Eddie Martin as Chief Credit Officer

## Retail Banking

- Officially opened new offices in Winston-Salem and Roanoke

## Commercial

- Added additional resources within our Credit Administration area to help us build better processes that position us for additional growth
- Enhanced our Treasury Services products and services

## Trust and Investments

- Celebrated our 90th anniversary and \$58M in growth of assets under management
- Added a Trust Officer to enhance the customer experience and administration staff to handle increased volume

## Insurance

- Brought new Cyber Security support for our customers and business partners

## Mortgage Lending

- Implemented new processes within our Mortgage Operations team which allows for expedited closings
- Added new mortgage originators to support our broader region



## Powerful Legacy and a **Prosperous Future!**

For the past 90 years, Trust and Investment Services has been a fundamental part of our company's overall success. From humble beginnings driven by the desire to help our customers succeed today and plan for tomorrow, we have built a division that now oversees \$850M in assets.

A key component of our commitment to our communities and customers is being a full-service provider of trust, investment and banking services. From checking accounts to the most complex estate planning, we are committed to meeting the needs of our communities and customers.

Because of our community commitment, dedication and hard work, generations of families have entrusted American National Bank and Trust Company with growing and preserving their assets, planning their futures, protecting their heirs, providing for the charities they care about and ensuring that their family legacy thrives.

In 2017, we reached a milestone of 90 years of service to our Trust customers and helping each plan their success in a personalized manner. The efforts of the Trust and Investment Services team have paved the way for a prosperous future in which the next generation of customers and communities will benefit from our powerful legacy.

### **Generations of families have placed their trust with American National Bank.**

As we build our plans for the next 90 years, rest assured that American National Bank and Trust Company will focus on leading the industry and our customers forward.

**“In 2017, we were thrilled to celebrate our 90th year of helping multiple generations of families improve their financial lives and preserve their legacies. We look forward to helping current and future generations reach their wealth management priorities.”**

**- John Settle, President of Trust and Investment Services**



## Our Communities

### Virginia

#### DANVILLE

##### Main

628 Main Street  
Danville, VA 24541

##### Nor-Dan

239 Nor-Dan Drive  
Danville, VA 24540

##### Piedmont Drive

445 Mount Cross Road  
Danville, VA 24540

##### Airport

1407 South Boston Road  
Danville, VA 24540

#### BEDFORD

207 North Bridge Street  
Bedford, VA 24523

#### CHATHAM

13880 U.S. Highway 29  
Chatham, VA 24531

#### COLLINSVILLE

2484 Virginia Avenue  
Collinsville, VA 24078

#### GRETNA

109 North Main Street  
Gretna, VA 24557

#### HARDY

##### Westlake

12930 Booker T  
Washington Hwy  
Hardy, VA 24101

#### LYNCHBURG

##### Graves Mill

1646 Graves Mill Road  
Lynchburg, VA 24502

##### Timberlake

20479 Timberlake Road  
Lynchburg, VA 24502

#### MARTINSVILLE

900 Liberty Street  
Martinsville, VA 24112

#### RIDGEWAY / 220 SOUTH

3810 Greensboro Road  
Ridgeway, VA 24148

#### ROANOKE

3000 Ogden Road  
Roanoke, VA 24018

#### ROCKY MOUNT

400 Old Franklin Turnpike  
Rocky Mount, VA 24151

#### SOUTH BOSTON

3609 Old Halifax Road  
South Boston, VA 24592

#### UNION HALL

##### Southlake

25 Southlake Drive  
Union Hall, VA 24176  
Phone: (540)576-1218

### North Carolina

#### BURLINGTON

##### South Church Street

3101 South Church Street  
Burlington, NC 27215

##### Cum Park Plaza

2214 North Church Street  
Burlington, NC 27217

##### Village at Brookwood

1840 Brookwood Avenue  
Burlington, NC 27215

#### GRAHAM

842 South Main Street  
Graham, NC 27253

#### GREENSBORO

##### Green Valley Road

703 Green Valley Road,  
Suite 101  
Greensboro, NC 27408

##### Guilford College

5509-A West Friendly  
Avenue, Suite 102  
Greensboro, NC 27410

#### MEBANE

1008 Mebane Oaks Road  
Mebane, NC 27302

#### YANCEYVILLE

173 Main Street  
Yanceyville, NC 27379

#### WINSTON-SALEM

110 Oakwood Drive,  
Suite 520  
Winston-Salem, NC 27103



# Charley Majors Employee Achievement Award

In honor of our Chairman and Retired Chief Executive Officer, we established the Charley Majors Employee Achievement Award in 2014. Mr. Majors is a champion of the bank's progressive growth and has been a major influence on the culture and achievements of our staff.

This award is given to the employee who best exemplifies the American National Core Values, who is a constant team supporter, who exhibits the "extra mile" of effort and leadership in the face of adversity, and who demonstrates a cheerful spirit of service to customers and co-workers. The recipient will possess an exceptional degree of character, high personal integrity and a sense of service beyond question.

For 2017 the honored employee is Jennifer Stetler, SVP, Treasury Services. Jennifer is a highly respected team member and key contributor to many new services meeting the needs of our customers. Treasury Services is a newer business line for American National Bank and we needed a spirited leader with experience, purpose and commitment—that is Jennifer Stetler in a nutshell. Jennifer approaches life with a "can-do" spirit. She is willing to jump in, chip in and do whatever she has to do to make the American National Bank team shine. Jennifer has expanded our

Treasury Services area whereby today we can offer similar services as to any of our competitors. She epitomizes the spirit of the Charley Majors Employee Achievement Award in her actions, energy and passion for helping both customers and fellow staff members succeed.



Jennifer Stetler, Senior Vice President—Treasury Services

**“Jennifer’s positive, proactive, solutions oriented, team approach makes her a winner both for our customers and our employees. Jennifer cares and Jennifer matters!”**

**- Gregg Strader, EVP and Chief Banking Officer**

We are pleased to present Jennifer Stetler as the 2017 Charley Majors Employee Achievement Award winner.



## Our Commitment Grows

In 2017, the American National Bank team participated in outside leadership roles across nearly 300 organizations of various sizes, focus and location. Employees dedicate their personal time, passion and skills to help these organizations. In addition, the Bank supports their efforts by contributing to these organizations with financial support.

We take our role of “community bank” very seriously and realize that one of a company’s fiduciary responsibilities is active leadership within the community. A bank has a unique level of impact for organizations—from leadership assistance, financial planning support, strategic planning and connections to

other organizations through our broad footprint in the marketplace. For American National Bank, we elevate our commitment to a higher level and bring our regional strength to bear in benefiting the organizations our staff members participate in and support.

### Leadership roles in nearly 300 organizations

From Lynchburg to Winston-Salem and Roanoke to South Boston we have integrated ourselves into the fabric of the communities we serve and have initiated programs and support that bring progressive growth and sustainable involvement.



## Here is a sampling of the organizations we supported in 2017:

Blue Ridge Mountains Council, BSA  
 37th District Scholarship Fund  
 Action Greensboro  
 AJ Linville Foundation  
 Alamance Co. Chamber of Commerce  
 Alamance Co. Economic Development Foundation  
 Alamance Community College Foundation  
 Alamance Eldercare  
 Alamance Junior Tennis Foundation  
 Alamance Reg. Charitable Foundation  
 Albert Harris Elementary School  
 Alliance Human Services Inc.  
 Alzheimer's Association  
 American Cancer Society  
 American Legion  
 Andrew Haley Memorial Art at the Rives Theater  
 Bassett High School  
 Bedford Area YMCA  
 Better Together Inc.  
 Big Brothers Big Sisters  
 Blue Ridge Regional Library Foundation Inc.  
 Boys & Girls Club of Danville  
 Brambleton Area Business Association Inc.  
 Burlington Christian Academy  
 Burlington Parks & Recreation  
 Carlisle School  
 Caswell Co. Chamber of Commerce Center in the Square  
 Chatham High School Booster Club  
 Children's Assistive Technology Services  
 Comet Baseball Booster Club  
 Community Foundation-Dan River  
 Community Partnership for Franklin County  
 Cool Branch Fire & Rescue Fund  
 CUMC  
 Cystic Fibrosis Foundation  
 Dan River High School JROTC  
 Dan River Region Assoc. of Realtors  
 Danville Art League  
 Danville Family YMCA  
 Danville Heart Association  
 Danville Life Saving Crew

Danville Museum of Fine Arts & History  
 Danville Parks & Recreation  
 Danville Pittsylvania Co. Chamber  
 Danville River District Association  
 Danville Science Center  
 Danville Shrine Club  
 Danville Speech & Hearing Center  
 Dearington Elementary School  
 DESI  
 Dixie Youth Baseball  
 Don Holliday Memorial Scholarship  
 Downtown Greensboro Foundation  
 Downtown Roanoke Inc.  
 Ducks Unlimited  
 Education Foundation Inc.  
 EHS All Sports Foundation  
 EMM Reading Project  
 EMM Community Service Project  
 Enrichment Fund for Guilford County Schools  
 Everfi  
 Faith Christian School Inc.  
 Ferrum College Athletics  
 Ferrum College  
 Fieldale Heritage Inc.  
 Figsboro Ruritan Club  
 Five Star Sports  
 Folds of Honor  
 Franklin Co. Lacrosse Club, Inc.  
 Franklin Co. Parks & Recreation  
 Franklin County Sheriff's Office  
 Freshmore Boys Basketball  
 Front St. United Methodist Church  
 Future of The Piedmont Foundation  
 Gallery Players  
 God's Pit Crew  
 God's Storehouse  
 Graham Rotary Club  
 Greensboro Chamber of Commerce  
 Greensboro Merchants Association  
 Greensboro Science Center  
 Greensboro Young Life  
 Gretna Band  
 Gretna Volunteer Fire Department  
 Gretna Volunteer Rescue Squad  
 Gretna Youth Sports  
 Guilford Merchants Association  
 Hadassah  
 Halifax Co. Booster Club  
 Halifax Co. Chamber of Commerce

Halifax Co. Fair  
 Halifax Co. High School  
 Halifax County Public Schools Education Foundation  
 Halifax County Fire Department  
 Halifax County Little League  
 Halifax County Little Theatre  
 Hargrave Military Academy  
 Harvester Performance Center  
 HC-SB Sports Hall of Fame  
 Healing Garden at Alamance Regional  
 Henry Co. Sheriff's Office  
 Historical Garden Week  
 Historical Society of Western Virginia  
 Horizons Residential Care Center  
 Hospice League of Alamance-Caswell  
 James Madison Middle School  
 Jill's Buddy Camp  
 Junior Achievement of Southwest Virginia, Inc.  
 Junior League of Greensboro  
 Kaleideum  
 King's Grant  
 Kiwanis Club of Botetourt County  
 Kiwanis Club of Burlington  
 Kiwanis Club of Danville  
 Kiwanis Club of Greensboro  
 Lady Eagles Softball Booster Club  
 Lake Sugar Tree Motorsports Park  
 Little Pink Houses of Hope  
 Local Office on Aging Inc.  
 Luncheon Pilot Club of Danville  
 Lynchburg Baseball Corp.  
 Lynchburg City Schools Education  
 Lynchburg Morning Rotary Club  
 Lynchburg Public Library  
 Lynchburg Regional Business Alliance  
 Magna Vista High School  
 Martinsville City Public Schools  
 Martinsville City Sheriff's Office  
 Martinsville Henry Co. Chamber  
 Martinsville Henry Co. Lions Club  
 Martinsville Henry County National Society of Black Engineers  
 Mebane Business Association  
 Mentor/Role Model Program Inc.  
 Merchants Association of Gretna

MHS After Prom Committee  
 Mill Mountain Theatre  
 Moneta Lions Club  
 Nat Greene Kiwanis  
 National D-Day Memorial  
 New London Horse Show  
 North Carolina Bankers Association  
 North Carolina Wildlife Habitat  
 Old North State Council BSA  
 Olde Dominion Ag. Complex  
 Operation Merry Christmas  
 Optimist Club of Graham  
 PCYLA  
 Piedmont Arts Association  
 Piedmont Youth Soccer League  
 Pigg River Community Center  
 Pittsylvania Career & Technical Center  
 Pittsylvania County Schools  
 Pittsylvania Pet Center  
 Presbyterian Community Center  
 Preservation Greensboro Inc.  
 RADAR  
 Ralph Scott Life Services  
 RCC/Holy Strokes Fundraiser  
 Rebounding Roanoke  
 Redwood United Methodist Church  
 Region 2000  
 Retail Merchants Association  
 Ringgold Vol Fire Dept  
 Roanoke Branch NAACP, Unit 7114  
 Roanoke Children's Theatre  
 Roanoke Kiwanis Foundation  
 Roanoke Regional Chamber of Commerce  
 Roanoke Regional Partnership  
 Roanoke Regional SBDC  
 Roanoke Valley Assoc. of Realtors  
 Roanoke Valley Firefighters Foundation Inc.  
 Rocky Mount Police Dept  
 Rooster Walk, Inc.  
 Rotary Club of Chatham  
 Rotary Club of Danville  
 Rotary Club of Danville- Riverview  
 Rotary Club of Greensboro  
 Rotary Club of Henry County  
 Rotary Club of Martinsville  
 Rotary Club of Rocky Mount  
 Sacred Heart Catholic School  
 Salem Rotary

Salvation Army Boys & Girls Club  
 Scholastic Sports, Inc.  
 Scottsburg Athletic Association  
 Smith Mountain Lake Civitan Club  
 Smith Mountain Lake Regional Chamber of Commerce  
 Smith Mountain Lake Marine Volunteer Fire Rescue  
 Smith River Sports Complex  
 Smith Mountain Lake Charity Home Tour  
 Smith Mountain Lake Good Neighbor  
 South Boston Pizza Festival  
 Spencer-Penn Centre  
 Star City Soccer Foundation  
 Summit Rotary Foundation Inc.  
 Swansonville Pentecostal Holiness  
 The Agape Center  
 The Children's Heart Foundation  
 The Volunteer Center of Greensboro  
 Triple Negative Breast Cancer Foundation  
 Tunstall Golf Team  
 Tunstall High School DECA  
 United Way  
 Virginia Bankers Association  
 VBA Education Foundation  
 Virginia Chamber of Commerce  
 Virginia Government Finance Officers Association  
 Virginia Reds Travel Baseball Team  
 Virginia Special Olympics  
 Virginia Squires Baseball  
 Ward Burton Wildlife Foundation  
 We Care of Franklin County Inc.  
 Western Alamance Science Club  
 Western High Athletic Boosters  
 Westover Christian Academy  
 Williams High Athletic Boosters  
 Wyndham Championship  
 YMCA Camp Weaver  
 YMCA of Alamance County  
 YMCA of Central Virginia  
 YMCA of Franklin County

# Our Board Leadership

## Director Emeritus

**Ben J. Davenport Jr.**

## Board of Directors

**Fred A. Blair**

President  
Blair Construction Inc.  
Gretna, VA  
Director since 1992  
Committees 1, 5, 6

**Frank C. Crist Jr., D.D.S.**

President  
Brady & Crist Dentists Inc.  
Lynchburg, VA  
Director since 2006  
Committees 3, 5, 6

**Tammy M. Finley**

Executive Vice President and General Counsel  
Advance Auto Parts, Inc.  
Roanoke, VA  
Director since 2017  
Committee 6

**Jeffrey V. Haley**

President & Chief Executive Officer  
American National Bankshares Inc.  
American National Bank and Trust Company  
Danville, VA  
Director since 2010  
Committee 7

**Michael P. Haley**

Retired Advisor  
Fenway Partners  
New York, NY  
Director since 2002  
Committees 1, 2, 4, 6, 8

**Charles S. Harris**

Executive Vice President  
Averett University  
Danville, VA  
Director since 2008  
Committees 1, 5, 6

**F. D. Hornaday III**

President & Chief Executive Officer  
Knit Wear Fabrics Inc.  
Burlington, NC  
Director since 2011  
Committees 3, 6, 7

**John H. Love**

President & Chief Executive Officer  
W. E. Love & Associates Inc.  
Burlington, NC  
Director since 2011  
Committees 4, 5, 6

**Franklin W. Maddux, M.D.**

Chief Medical Officer  
Executive Vice President for Clinical & Scientific Affairs  
Fresenius Medical Care North America  
Waltham, MA  
Director since 2002  
Committees 1, 3, 6

**Charles H. Majors**

Chairman of the Board  
American National Bankshares Inc.  
American National Bank and Trust Company  
Danville, VA  
Director since 1981  
Committee 7

**Claude B. Owen Jr.**

Retired Chairman & Chief Executive Officer  
DIMON Inc.  
Danville, VA  
Director since 1984  
Committees 2, 3, 6, 7, 8

**Ronda M. Penn**

Chief Financial Officer  
Plexus Capital LLC  
Raleigh, NC  
Director since 2015  
Committees 1, 4, 6

**Dan M. Pleasant**

Chief Operating Officer  
The Dewberry Companies Inc.  
Fairfax, VA  
Director since 2011  
Committees 4, 6, 8

**Joel R. Shepherd**

President  
Virginia Home Furnishings Inc.  
220 Self Storage Inc.  
Roanoke, VA  
Director since 2015  
Committees 3, 6, 8

## North Carolina Advisory Board Members:

Advisory Boards (as of January 1, 2018)

**Thomas E. Chandler Jr.**

President  
Chandler Concrete Company Inc.

**Dawn S. Chaney**

President  
Chaney Properties

**James B. Crouch Jr.**

Vice President  
Harris, Crouch, Long, Scott & Miller Inc.

**J. Nathan Duggins, III**

Managing Partner  
Tuggle Duggins P.A.

**Anthony E. Foriest**

Retired  
Xerox Corporation

**John A. Holt Sr.**

President & Chief Financial Officer  
DynaYarn USA LLC

**David S. Johnson, M.D.**

Physician  
Burlington Pediatrics

**Ronald A. Joyce**

President & Chief Executive Officer  
Joyce Foods

**Teena M. Koury**

Owner  
Carolina Hosiery Mills

**John B. Leath**

Chief Executive Officer  
Acucote Inc.

## Committees:

1. Audit
2. Chief Executive Officer's Advisory
3. Corporate Governance and Nominating
4. Human Resources and Compensation
5. Risk and Compliance
6. Stock Grant and Option
7. Trust
8. Capital Management

**R. Aubrey Linville, III**  
Partner  
Linville Team Partners, LLC

**Phillip J. Nahser Jr., M.D.**  
Cardiologist  
Cone Health Medical Group

**Richard H. Ramsey**  
Operating Partner  
New Page Capital  
President  
Engineered Steel Products, Inc.  
President  
American Industrial, LLC

**Diane M. Rumley, CPA**  
Partner  
Leeper, Kean & Rumley LLP

**Adrian T. Smith**  
Chief Executive Officer  
Ice Age Management

**James H. Smith Jr.**  
President  
Villane Inc.

**Sherri K. Squier**  
Chief Executive Officer  
All-State Express, Inc.

**Kyle M. Winslow**  
Vice President  
Briggs-Shaffner Acquisition Company

## **Virginia Advisory Board Members:**

**Dr. Al N. Angle**  
retired  
Drs. Saxon, Angle and Assoc., P.C.

**W. Kelvin Bowles**  
President & Owner  
Eastern Communications Associates

**J. Brian Burton**  
President  
J.E. Burton Construction Company

**Timothy J. Clark**  
Vice President  
Blair Construction Inc.

**James D. Coleman Jr.**  
President  
Rives Brown Realty

**Nicholas C. Conte**  
SVP and General Counsel  
Carilion Clinic

**C. Laine Dalton**  
VP, General Manager & Partial Owner  
Dalton Insurance Agency

**John M. Deekens**  
Retired General Manager  
Stuart Forest Products

**Harold E. Green Jr.**  
President  
Distinct Impressions Inc.

**Tammy B. Jewell**  
Business Manager  
Jewell Machinery, Inc.

**Richard H. Jones**  
CPA  
Jones & Associates

**Earnest C. Jordan**  
Retired Senior Vice President  
American National Bank and Trust  
Company

**Andy C. Kelderhouse**  
President  
Fralin & Waldron, Inc.

**John H. Laramore**  
Realtor  
Wilkins and Co. Realtors

**John D. Lugar**  
President  
Virginia Varsity Transfer & Storage

**Lauren M. Mathena**  
Director of Economic Development  
and Community Engagement  
Mid-Atlantic Broadband  
Communities Corp.

**Martha W. Medley**  
Partner  
Daniel, Medley & Kirby P.C.

**Chris F. Mohr**  
Chairman & Chief Executive Officer  
Ameristaff Inc.

**James K. Muehleck, D.D.S**  
Dentist  
Martinsville

**Stephen A. Musselwhite**  
President  
Musselwhite & Associates

**Harry G. Norris**  
President  
Howell's Motor Freight

**Danny M. Purdue**  
Vice President  
Purdue Properties Inc.

**Keith Robinson, M.D.**  
Physician  
Danville

**R. Eddie Shelton**  
Owner  
Diamond S Farms

**W. Earle Spruill Jr.**  
President  
Osage, Inc.

**Thomas S. Stump**  
President & Chief Executive Officer  
First Piedmont Corporation

**Michael A. Turner**  
CEO & Partial Owner  
Turner's Building Inc.

**William C. Vaughn**  
Vice President  
J&R Management Inc.

**E. Linwood Wright**  
Consultant  
Danville IDA

# **Our Executive Leadership**

Executive Management (as of January 1, 2018)

**Jeffrey V. Haley**  
President  
Chief Executive Officer

**Edward C. Martin**  
Executive Vice President  
Chief Credit Officer

**H. Gregg Strader**  
Executive Vice President  
Chief Banking Officer

**William W. Traynham**  
Executive Vice President  
Chief Financial Officer

**John H. Settle Jr.**  
Executive Vice President  
President of Trust and Investment  
Services

# American National Bankshares Inc.

## Shareholder Information

### Stockholder Information

#### Annual Meeting

- The 2018 Annual Meeting of Shareholders of American National Bankshares Inc. will be held on Tuesday, May 15, 2018, at 9 a.m. (EDT) at The Wednesday Club, 1002 Main Street, Danville, VA.

#### Stock listing

- The common stock of American National Bankshares Inc. (the "Company") is traded on the NASDAQ Global Select Market under the symbol "AMNB."

#### Shareholder inquiries

- Shareholders needing information on stock transfer requirements, lost certificates, dividends, the dividend retirement plan and other shareholder matters may contact:

Computershare Inc.  
PO Box 30170  
College Station, TX 77842  
800.368.5948

### General Corporate Information

#### Independent Auditors

Yount, Hyde & Barbour PC  
50 South Cameron Street  
Winchester, VA 22601

#### Regulatory and Securities Counsel

Williams Mullen  
Williams Mullen Center  
200 South 10th Street, Suite 1600  
P.O. Box 1320 (23218)  
Richmond, VA 23219

### Equal Opportunity Employer

American National Bank and Trust Company, a wholly owned subsidiary of American National Bankshares Inc., is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will remain free from discriminatory practices.

### This Report

The American National Bankshares Inc. 2017 Summary Annual Report is presented in a summary format to provide information regarding the performance of the Company in a manner that is meaningful and useful to the widest range of readers. The audited consolidated financial statements of the Company and other more detailed analytical information regarding the Company are contained in the 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission.


### Investor Relations & Financial Statements

A copy of the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission, are available without charge to shareholders upon written request and are also available on our website, amnb.com. Those with requests for this or other financial information about American National Bankshares Inc. should contact:

American National Bankshares Inc.  
Investor Relations  
PO Box 191  
Danville, VA 24543  
800.240.8190

## FORWARD-LOOKING STATEMENTS

This Summary Annual Report may contain "forward-looking statements" within the meaning of federal securities laws that involve significant risks and uncertainties. Statements herein are based on certain assumptions and analyses by the Company and are factors it believes are appropriate in the circumstances. Actual results could differ materially from those contained in or implied by such statements for a variety of reasons including, but not limited to: financial market volatility including the level of interest rates could affect the values of financial instruments and the amount of net interest income earned; general economic or business conditions, either nationally or in the market areas in which the Company does business, may be less favorable than expected, resulting in deteriorating credit quality, reduced demand for credit, or a weakened ability to generate deposits; competition among financial institutions may increase and competitors may have greater financial resources and develop products and technology that enable those competitors to compete more successfully than the Company; businesses that the Company is engaged in may be adversely affected by legislative or regulatory changes, including changes in accounting standards; the ability to retain key personnel; the failure of assumptions underlying the allowance for loan losses; and risks associated with mergers, acquisitions, and other expansion activities. Consequently, all forward-looking statements made herein are qualified by these cautionary statements and the cautionary language in the Company's most recent Form 10-K report and other documents filed with the Securities and Exchange Commission. American National Bankshares Inc. does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.



**“Progress lies not in  
enhancing what is,  
but in advancing toward  
what will be.”**

**- Khalil Gibran**



**AMERICAN NATIONAL**  
BANKSHARES INC.



**AMERICAN NATIONAL**  
BANKSHARES INC.

**628 Main Street,  
Danville, VA 24541  
434.792.5111  
amnb.com**



Member  
**FDIC**

